



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley Praises Budget Agreement

WASHINGTON – The budget agreement passed by Congress this week perfectly blends tax relief with spending on key priorities such as agriculture, Medicare and children with disabilities, Sen. Chuck Grassley, chairman of the Committee on Finance, said today.

“This budget took cultivation, and it’s bearing fruit for taxpayers,” Grassley said. “Candidate George Bush planted the seeds of tax relief last year. Today, he’s reaping the benefits of his labor. Congress signed off on a tax cut that’s three-quarters of the size the President wanted. At the same time, this budget funds key priorities. The budget is a good example of what a President and Congress in agreement can deliver for the American people.”

The House and Senate this week approved a spending blueprint that builds in \$1.35 trillion for tax relief over 11 years. Approval of the budget means Grassley and the Committee on Finance now have the dollar amount of tax relief they can work with to write legislation detailing how to cut taxes. Grassley plans to release a bipartisan chairman’s mark in the next few days that reflects weeks of consultation with committee members to gauge their priorities. He plans to schedule committee consideration of that legislation soon after its release.

The tax relief is the largest tax cut in 20 years. Grassley hopes to preserve as many of the President’s specific tax cut goals as possible in a chairman’s mark that will win the greatest number of bipartisan votes.

The second senior-most member of the Budget Committee, Grassley secured several important budget provisions:

- ▶ A significant increase for agriculture spending. In the Senate-passed bill, Grassley’s provision provided an additional \$5 billion for farmers before the end of the government’s current fiscal year on Sept. 30. His provision also provided another \$7.35 billion for farmers in fiscal year 2002, which could be directed to farmers as early as Oct. 1. These funds will be used to supplement existing farm programs.

A House-Senate conference committee, of which Grassley was a member, added even more funding for agriculture. From 2003 until 2007, which are generally thought to be the years that will be affected by the next farm bill, the budget outline includes a reserve fund with an estimated \$40.75 billion in additional dollars over the current agriculture baseline. This is approximately a 65 percent increase in future agriculture spending. The increase is very large compared to other aspects of the budget. “This is a real win for family farmers,” Grassley said.

- ▶ Up to \$300 billion in funding and maximum flexibility for lawmakers to craft a responsible Medicare reform and prescription drug proposal. Grassley's provision gives the Budget Committee chairman the ability to reallocate funds as necessary, beyond \$153 billion and not over \$300 billion over 10 years, toward any Medicare legislation the Finance Committee puts forth, as long as this legislation provides reforms to the Medicare program and improves access to prescription drugs. Grassley said the additional money is an important flexibility tool because no one knows exactly how much modernizing Medicare and adding a prescription drug benefit will cost.
- ▶ A reserve fund to pay for the *Family Opportunity Act* (S. 321), legislation from Grassley and Sen. Edward Kennedy to improve health coverage for children with special needs. Grassley and Kennedy secured the reserve fund via an amendment to the budget blueprint legislation. The reserve fund of \$8.3 billion over 10 years guarantees that the legislation will be funded if it passes out of the Finance Committee. That guarantee is critical to the bill's success; Senate budget rules require that bills like this are funded.

The budget includes nearly \$100 billion over the next 10 years to improve access to health insurance for the 43.5 million Americans who are currently uninsured. Grassley has convened two Finance Committee hearings this year on the uninsured problem, with an emphasis on refundable tax credits as one potential solution to reach a portion of the working uninsured, as well as improved outreach and enrollment for the millions of beneficiaries currently eligible for Medicaid and the State Children's Health Insurance Program, but not yet enrolled.

As chairman of the Finance Committee and second senior-most member of the Budget Committee, Grassley is in a unique position to help provide tax relief and to help shape the federal government's spending priorities.

"When you see both sides of ledger, you know the government has plenty of tax dollars to do its job," Grassley said. "Congress is obligated to cut taxes and squeeze the value of every tax dollar that stays in Washington."

